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CALIFORNIA HOMEBUYER'S DOWNPAYMENT ASSISTANCE PROGRAM

SACRAMENTO - The California Housing Finance Agency (CHFA) announced the new California Homebuyer's Downpayment Assistance Program (CHDAP) junior mortgage loan that will make it possible for many prospective first-time homebuyers to become homeowners. On July 7, 2000, Governor Gray Davis signed into law Assembly Bill 2865 which established the California Homebuyer's Downpayment Assistance Program. The Bill provides State funding for \$50 million of downpayment assistance to first-time low- and moderate-income homebuyers. The Bill authorizes the Agency to provide a deferred-payment, three percent (3%) per annum simple interest rate, junior mortgage loan amount of up to three percent (3%) of the lesser of the purchase price or appraised value. The CHDAP loan can be used in conjunction with CHFA or non-CHFA senior mortgage loans secured by the home. It has become evident that many Californians are unable to save for a downpayment to purchase a home and with a declining homeownership rate in California, the CHDAP junior loan is designed to provide assistance to prospective first-time homebuyers who would otherwise not be able to purchase their own home. CHFA estimates that as many as 10,000 first-time homebuyers will benefit from this program.

The CHDAP is available to first-time homebuyers throughout California who plan to owner-occupy the purchased home and whose family income does not exceed CHFA-published CHDAP moderate-income limits. A first-time homebuyers is defined as one who has not owned a home as their primary residence in the last three years. Moderate income limits range from \$44,400 to \$104,000 for a family of four, depending upon the county where the home is located. Current moderate-income limits for each county adjusted for family size are available from CHFA-approved lenders and are also available at CHFA's web site www.chfa.ca.gov "California Homebuyer's Downpayment Assistance, Income Limits."

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The CHDAP is a deferred payment junior loan has a term not to exceed the term of the first loan. This means, for example, if a first mortgage loan has a term of 30-years, then the CHDAP junior loans term would be the same and no payments would be due until the end of the term. Repayment of the entire principal and interest of the loan is due upon any of the following events: the end of the term of the loan; sale of the secured property; refinance or payoff of any senior mortgage loans. Prepayment of the loan is permitted without penalty.

First-time homebuyers applying for a CHDAP junior loan may choose to use CHFA or non-CHFA first mortgage loan and applications will be made through the current network of CHFA-approved lenders. Another feature of the CHDAP is that it may be combined with other downpayment assistance programs for a greater benefit for homebuyers. The maximum CHDAP loan amount is up to lesser of three percent (3%) of the purchase price or appraised value of the home. On a home that sold and appraised for \$170,000, the amount of assistance could be up to three percent (3%) or \$5,100. The Program does have sales price limits for each county and CHFA publishes revised county sales price limits each year which are reflective of market trends for affordable homes. Sales price limits are available from CHFA and CHFA-approved lenders.

Homebuyers may make application for the California Homebuyer's Downpayment Assistance Program loan through CHFA-approved lenders by completing a standard loan application for the CHDAP loan. Full details and information regarding this program may be obtained from a CHFA-approved lenders or from the California Housing Finance Agency, California Homebuyer's Downpayment Assistance Program, 1121 L Street, 7th Floor, Sacramento, CA 95814; e-mail assistance@chfa.ca.gov web page www.chfa.ca.gov or by calling 1-800-323-8718.

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